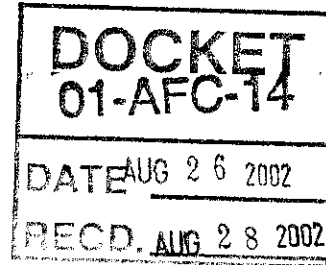


11464 B Avenue, Auburn, CA 95603 • (530) 889-7130 • Fax (530) 889-7107
Thomas J. Christofk, Air Pollution Control Officer

August 26, 2002

Mr. Lance Shaw, Project Manager
Systems Assessment & Facility Siting Division
California Energy Commission
1516 Ninth Street, MS-15
Sacramento, CA 95814



Subject: EPA Response to the Preliminary Determination of Compliance (PDOC),
Roseville Energy Facility, LLC., (01-AFC-14)

Dear Mr. Shaw:

Enclosed are the U.S. Environmental Protection Agency (EPA) comments on the Preliminary Determination of Compliance for the Roseville Energy Facility, LLC.

Please contact me at (530) 889-7133 if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Finnell".

John Finnell
Sr. Air Pollution Control Engineer

Enclosure: EPA Comment Letter on Preliminary Determination of Compliance

[t:\apc\jwf\letters\ref4.doc]

PROOF OF SERVICE (REVISED SB) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 08/29/02



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

PLACER COUNTY AIR POLLUT
CONTROL DISTRICT

AUG 23 2002
RECEIVED

August 15, 2002

Mr. Thomas Christofk
Air Pollution Control Officer
Placer County Air Pollution District
11464 B Avenue
Auburn, CA 95603

Re: Preliminary Determination of Compliance for Roseville Energy Facility, LLC.

Dear Mr. Christofk:

I am writing to you concerning the Preliminary Determination of Compliance (PDOC) for the proposed Roseville Energy Facility, LLC. (REF) project. We appreciate the opportunity to comment on the PDOC for this project, and would like to thank your staff for all the information provided in the PDOC.

We have two comments related to the proposed offsets for the REF project and which are explained in the enclosure. Until these issues are resolved, the District should not consider these as valid emissions reductions that meet all federal Clean Air Act requirements. Thus, they can not be used at this time to offset the facility's emissions increase. We look forward to working with you to address our comments prior to the issuance of the Final Determination of Compliance. If you have any questions, please contact me at (415) 972-3974 or have your staff contact Charles Aldred at (415) 972-3986.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerardo C. Rios".

Gerardo C. Rios
Chief, Permits Office

Enclosure

cc: William Keese, CEC
Michael Tollstrup, CARB

Enclosure

U.S. EPA Comments on the Preliminary Determination of Compliance for Roseville Energy Facility, LLC

1. District's Emission Reduction Credit Analysis

The District must provide supporting documentation to ensure that any third party can understand the underlying calculations performed to locate, validate and quantify the source of each Emission Reduction Credit (ERC). As you know, EPA is working with the California Air Resources Board (CARB) and California Districts to develop a protocol for the review, quantification and approval of ERCs from the electrification of agricultural pump engines as well as reductions in the burning of rice straw in the field. We are continuing to work with CARB and Districts to develop such a protocol, but until one has been agreed upon, it will not be possible to analyze an ERC package that contains such non-traditional ERCs as are in the current PDOC. This lack of an accepted protocol is a matter of great concern to EPA, CARB and every District involved.

We will continue to work with you, CARB, and other Districts to develop a protocol necessary to make these types of credits enforceable, permanent, real, and quantifiable - and therefore satisfy the federally-enforceable requirements.

2. Requirements for EPA Review of Emissions Reductions Credits

EPA wishes to clarify the requirements for valid ERCs. The package of ERCs currently proposed are listed in Attachment 2 of the PDOC. The PDOC identifies Potential Agricultural Burn NO_x ERCs coming from Yolo, Solano, Sutter, Sacramento and Placer Counties. The PDOC also includes a REF Agricultural Pump Monitoring Program Summary. Presumably, this second listing represents additional sources of ERCs. However, the location of the pumps is not included in the PDOC.

An Offset Generating Rule must be in the SIP for each District where non-traditional ERCs are to be generated. Such Rules must be specific to the source category where the offsets are being generated, e.g., restrictions on agricultural burning, electrification of diesel irrigation pumps, and must also include a protocol for analyzing the ERCs, mechanisms for federal enforceability, and recordkeeping and reporting requirements necessary to establish the permanence of the offsets. There must also be a requirement in the SIP for each District where any non-traditional ERCs are to be used which requires that only offsets generated through an Offset Generating Rule in the SIP for the District where the ERCs are generated shall be allowed.